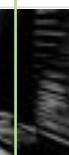
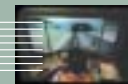




THE WESTERN AUSTRALIAN GOVERNMENT RAILWAYS COMMISSION

annual report 2002

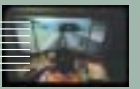




> About WA Government Railways

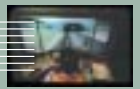
In accordance with Section 66 of the *Financial Administration and Audit Act 1985*, I submit for your information and presentation to Parliament the Annual Report of the Western Australian Government Railways Commission for the year ended 30 June 2002. The report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985*.

Reece Waldock
A/Commissioner of Railways



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> Our Values

Our Purpose

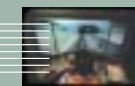
To provide customer focused, safe and cost effective passenger transport services for Western Australians.

Our Aim

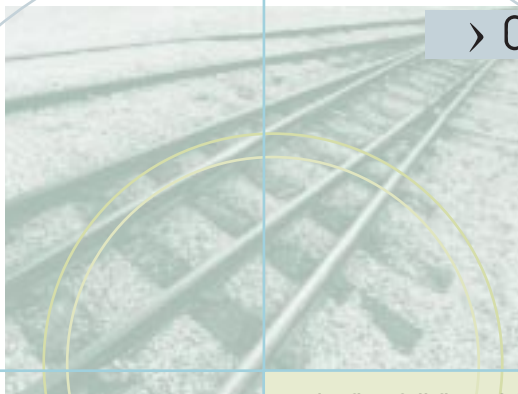
To be recognised as the best passenger transport system in Australia.

Our Values

- we value and respect our customers, suppliers and each other;
- we are committed to safety;
- we encourage each other to reach full potential;
- we are honest and exhibit high levels of integrity, openness and ethical behaviour;
- we recognise and reward achievement, initiative and innovation;
- we strive for continuous improvement in everything we do; and
- we are environmentally responsible.



› Commissioner's Overview



In its first full financial year since the sale of its freight business, the Western Australian Government Railways Commission (WAGR) has grown in strength as an organisation specialising in passenger transport services. This sharper customer focus has allowed us to deliver outstanding results in key areas, 91% customer satisfaction rating of urban passenger services, up 5% compared to last year, and 98% on-time running of those services.

There have also been excellent results in customer perceptions about security on our trains, and it is exciting to see increases in patronage at train stations where upgrades have occurred.

I am also pleased to report WAGR has achieved a 26% reduction in lost-time injuries across the organisation – giving us the best employee safety result of any rail transport provider in Australia.

To help us build on this success important steps have been taken toward the formation of the new Public Transport Authority (PTA), scheduled to come into being on 1 January 2003, subject to the passage of relevant legislation.

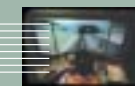
Western Australia will then become the only State with a fully integrated Authority and system that takes in transport services, infrastructure development, ticketing and all other aspects of public transport. The simplicity and effectiveness of this structure will become evident in coming years.

In preparation for the creation of the PTA, School Buses and Transperth which were previously within the Department for Planning and Infrastructure (DPI), have joined us at the Westrail Centre and are now integrated into our management system.

This early process of integration combined with work on the administrative and communications structure means there will be a seamless transition to the new Authority.

The Perth Urban Rail Development group, also formerly with DPI, has recently joined WAGR to give us full responsibility for developing the \$1.4 billion Perth Urban Rail Development project. It means a single public face and single accountability for the project. The project is progressing on schedule with the supplementary master plan finalised and a \$437 million contract let for the supply and maintenance of railcars including a new railcar depot.

An operational report for the project is contained within DPI's 2001/02 Annual Report.



› Commissioner's Overview cont.

However, no organisation is successful without a dedicated and committed workforce.

The results of a detailed staff survey have provided a sharp focus on WAGR's people and their needs. While the 73% overall satisfaction rating reported through the survey is a very good result in terms of benchmark organisations, a number of concerns were raised, particularly in regard to respect, trust, equity and fairness.

WAGR is now working to deliver improved support to our staff through initiatives such as the new Code of Conduct, the Rewards and Recognition Scheme, competency based training and Personal Development Plans. We have also overhauled the ways in which we communicate with each other, providing much greater opportunity for people to put forward their views and have those views taken into account.

WAGR has also taken on board past criticisms of its Key Performance Indicators (KPIs). Over the past 12 months, all divisions have worked to develop clear KPIs that can be understood by all staff and that will help drive our future performance. The new KPIs will come into effect next year.

All of these achievements have occurred against a backdrop of major change in the organisational structure of WAGR. I recognise it is not easy for people to function at maximum efficiency in these circumstances. Accordingly, I congratulate staff across the organisation for maintaining their focus and delivering excellent results.

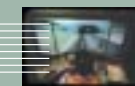
Looking to the Future

I look forward to 2002/2003 as a watershed year for WAGR. It will be a year in which we move off the drawing board and into the

construction phase of the South West Metropolitan Railway project, the biggest single expansion of the urban passenger rail network in our history. When completed in 2007, the new line to Mandurah will double the length of our urban rail network and cater for an estimated 25,000 passengers per day.

We are also on schedule to complete the extension to Clarkson on the northern line in 2004.

2002/03 will also be a year in which the deployment of 187 Transit Guards and 90 State Transit Police on the urban rail system is completed, and significant progress is made on the development of a centrally monitored video surveillance system with associated security measures, covering all stations.



› Commissioner's Overview cont.

These measures will put us at the forefront of rail passenger security in Australia and I'm confident they will largely overcome a public perception that there are risks associated with travelling on trains, particularly at night.

Development is also proceeding on the latest smart-card technology to be introduced across the entire public transport system. Known as SmartRider, the system provides station access through the use of contactless cards with computer chips that can have money credited to them.

SmartRider will be convenient for passengers, will help prevent fare evasion and will provide a valuable database on customer movements.

In addition, we are investing \$71 million in our regional transport services.

\$44 million has been budgeted for the new trains for the Prospector service between Kalgoorlie and Perth, which will begin service in mid 2003.

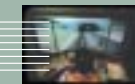
The trains, which are being built in Newcastle by Goninan & Co Ltd, will cut the 655km journey by over two hours.

Passengers will be able to enjoy features such as personal air conditioning controls, personal music channels, video entertainment, power points for lap top computers and telephone and facsimile access.

\$14 million has also been allocated for new trains on the Avonlink service, between Northam and Perth, which will begin service in early 2004.

Next year will also see the introduction of a new fleet of 20 five-star regional road coaches at a cost of almost \$10 million.

With all of these measures and a concerted effort in building on the successes of the past financial year, WAGR will move a step closer to achieving its aim of recognition as the best passenger transport system in Australia.



› Executive Profiles

Executive Profiles



Reece Waldock

Acting Commissioner of Railways

Reece was appointed Acting Commissioner of WAGR in December 2000. He has over 16 years experience in strategic management, with particular expertise in the area of organisational reform. He has held a number of senior executive roles within the Department of Transport and the Department of Commerce and Trade in Western Australia. Prior to his career in the public sector he held a number of senior management roles within BHP. He is currently State Chairman of the Chartered Institute of Logistics and Transport.



Brett Inchley

Acting General Manager Urban Passenger

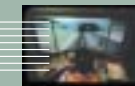
Brett's expertise lays in the fields of business and financial management, having worked for a number of national and international private sector companies including Mobil, Ford and Deloitte Touche Tohmatsu. Brett joined the public sector in 1990 and has since gained extensive public transport management experience encompassing both operating and regulatory roles, including five years as Director of Transperth.



John Powell

General Manager Country Passenger

During his 41-year career in the railway industry, John has gained extensive experience in transport policy and human resource management. John has contributed to productivity management changes and the evolution of WAGR into a safe, customer-focused and cost-effective passenger transport provider.



› Executive Profiles cont.



Hugh Smith

General Manager Network & Infrastructure

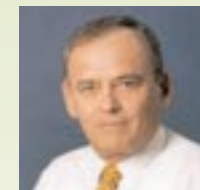
Hugh launched his engineering career at British Steel in the United Kingdom and later joined WAGR as an Assistant Engineer at Midland Workshops. Hugh held a number of senior management and engineering positions at the workshops, prior to being appointed as General Manager of the Urban Passenger Division in 1994. Following the sale of WAGR's freight business in December 2000, Hugh was appointed General Manager of the Network and Infrastructure Division.



John Leaf

General Manager Finance

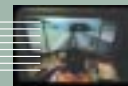
John has gained extensive financial and general management experience in the accounting profession with both private and listed public companies and government entities, in Australia and internationally. John joined WAGR in 1989 and has performed a strategic role in an eventful decade of continuous improvement and restructuring of the organisation and its evolution into a customer focused public transport service provider.



Bernard Martinovich

Manager Corporate Issues and Compliance

Bernard's career in the public sector spans over 36 years. After joining WAGR in 1966 as a Junior Clerk he progressed his career having worked in a variety of areas including records management, financial management and personnel. Since 1986 he has been extensively involved in Ministerial liaison and executive support and more recently his role has expanded to encompass responsibility for rail safety and compliance, internal investigations, records management and document control.



› Executive Profiles cont.



Rob Lindsay

Director People and Organisational Development

Rob's expertise is in the fields of industrial relations, enterprise bargaining, labour relations & human resource policy formulation, dispute resolution and strategic human resource management. Prior to joining WAGR Rob held the position of Assistant Director - Strategy and Representation at the Department of Productivity and Labour Relations.

During his career he has been integral in the formulation of a number of enterprise bargaining agreements in the public and private sectors, sat as Government member of the Long Service Leave Appeal Board and Committee and has acted for health employers nationally in the area of competency packaging.

› Organisational Structure

Commissioner of Railways – Reece Waldock*

General Manager Urban Passenger – Brett Inchley*

- Manager Operations – Max Collins
- Manager Railcar Maintenance – Rod Vermeulen
- Manager Security & Customer Service – Steven Furmedge
- Business Manager – Pat Italiano
- Safeworking & Training Manager – Tim Symons

General Manager Country Passenger – John Powell

- Manager Operations – Les Walton

General Manager Network & Infrastructure – Hugh Smith

- Manager Planning and Property – Laurie Piggott
- Manager Infrastructure Systems – Phil Schubert
- Asset Development Manager – Mike Leach*
- Manager Track and Civil – Ross Hamilton*

General Manager Finance – John Leaf

- Finance & Administration Manager – Jeff Steedman
- Management Accountant – John Chung
- Contracts & Supply Manager – Fred Bahadori

Manager Corporate Issues & Compliance – Bernard Martinovich

- Rail Safety Standards Manager – John Robertson
- Safeworking Compliance Manager – Tim Trigwell

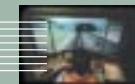
Director People and Organisational Development – Rob Lindsay

- Occupational Health and Safety & Environmental Manager – Christine Teague
- People Strategy and Services Manager – Sue Howard

Director Policy Unit – Sue McCarrey*

Manager Communications and Corporate Relations – Paula Crookes

*Acting



> Urban Passenger Division

PURPOSE: To provide a metropolitan rail service that is safe, reliable and is responsive to customer needs.

AIM: To be the preferred provider of metropolitan transport services.

The Urban Passenger Division operates and manages an urban passenger rail service, which carried over 30 million passengers during the year over a rail network of nearly 100 kms throughout the Perth Metropolitan area.

Perth's urban railway system consists of 57 stations and four railway lines radiating outwards from Perth to:

- Currambine (29 kms north);
- Fremantle (19 kms south);
- Armadale (31 kms south east); and
- Midland (16 kms north east).

The rail tracks to Armadale, Fremantle and Midland were constructed about 100 years ago and the Joondalup line was opened in 1992. The electrified system commenced full operation in September 1991 on the Armadale, Fremantle and Midland lines and was extended in March 1993 to Currambine.

All services are operated in accordance with a Service Level Agreement between WAGR and the Department for Planning and Infrastructure.

Our Performance

On-Time Running

There are up to 4,637 services operated each week on the urban system. During this financial year, 98% of trains arrived within three minutes of their scheduled times, a pleasing result that matched last year's record performance.

Passenger Profile

A comprehensive passenger count was conducted during the year, the first since 1998. Some of the highlights from the passenger count include:

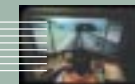
- patronage on the urban passenger system attained similar levels to those achieved in the previous year at 31 million passenger boardings;
- boardings on the Fremantle line have increased 21% since 1998;
- boardings on the Currambine line have increased nearly 7% since 1998;
- stations where improvements have been made have shown significant increases in boardings since 1998 - Subiaco up 90%, Maylands up 30% and Oats Street up 24% ; and

- weekly bicycle boardings have increased 27% since 1998, reflecting the 'free bicycle' policy introduced in November 2000 (rail patrons can now travel with their bicycles on trains free of charge, with restrictions applying during peak periods).

Customer Satisfaction

An annual survey conducted by independent research consultants to measure performance and indicate passengers' overall satisfaction with the service, again reflected a high satisfaction level of 91%, compared to 86% last year.

Our commitment to service means we value and respect feedback from our customers. All customer feedback is recorded in a centralised management information system, and is disseminated for action. There was feedback from 1166 customers this year, compared to 1218 last year.



> Urban Passenger Division cont.

Lost-time Accidents

The Urban Passenger Division recorded eight lost-time accidents during the year for 21 lost days, compared to 11 accidents and 76 lost days last year.

Key Improvements

Driver Training

A major training program is underway to upgrade the skills of all 140 urban passenger train drivers. During the next 12 months, they will complete 28 units of competence including train driving, customer service, first aid, disability awareness, safe working and fire control. The drivers will be tested on skills such as smoothness of ride, ability to stop at a designated point at the platform and clarity of announcements to passengers.

Train Access

There was significant progress with a program to retrofit the existing railcar fleet with new features to assist access for all people. This

included high visibility handrails, improved height and location of door operating buttons, a digital station messaging system, 'one-shot' doors (doors that re-open if someone is caught entering or exiting) and wheelchair access bays.

Perth Information Office

The refurbishment of the Information Office at Perth station was completed, with the new office opening for business on July 6 2002. The improvements include a large, modern ticketing information area with dual access from the station platform and Wellington Street to accommodate future smart-card ticketing, and a refurbished administration office area.

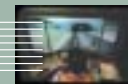
Change Machines

A program to install additional change machines at selected stations is underway, with machines installed at Claremont, Currumbine, Joondalup and Armadale. Plans are in place to install machines at seven more stations next financial year.

Passenger Security Initiatives

There has been a continued commitment to enhanced security on the urban rail network. To this end, many initiatives have been implemented, or are in progress. These include:

- deployment of about 187 Transit Guards and 90 State Police on the rail system, providing an unprecedented seven days a week, night and day security presence on trains and at 17 stations;
- allocation of at least two on-board security personnel to all night trains;
- An investment of some \$21 million in security equipment to reduce fare evasion and improve security at key stations.



› Country Passenger Division

PURPOSE: To provide customer focused, safe and cost effective passenger transport services for Western Australia.

AIM: To be recognised as the best regional passenger transport system.

The Country Passenger Division provided passenger train and road coach services to nearly half a million passengers in the southern and south west regions of Western Australia during the year.

Country rail services consist of:

- the *Australind* (twice daily between Perth and Bunbury);
- the *Prospector* (daily service between Perth and Kalgoorlie); and
- the *AvonLink* (daily service, Monday to Friday, between Midland and Northam).

A comprehensive road coach network extends north to Kalbarri, Geraldton and Meekatharra, to the south west region including Augusta and Pemberton, south to Albany, and east to Esperance. A return road coach service is also provided three times each week between Kalgoorlie and Esperance.

By arrangement with WAGR, six regional coach operators provide feeder services to and from main routes.

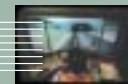
Capital Works

Prospector and AvonLink

Ongoing construction of the new *Prospector* and *AvonLink* rail cars, worth \$57.5 million, is the major capital project for the Country Passenger Division. With the project on schedule and to budget to date, it is planned to introduce the new *Prospector* service in the second quarter of 2003 and the *Avonlink* in the first quarter of 2004. The nine rail cars are being built by the United Goninan enterprise and will have a host of features including:

- fast train status with speeds in excess of 160kmh;
- personal air conditioning controls;
- power outlets for laptop computers;

- telephone & facsimile access;
- musical and video entertainment on the *Prospector* (music channels only on the *AvonLink*);
- 'driver's cam' offering a driver's eye view of the track ahead (*Prospector* only); and
- powered ramps to assist access by passengers with mobility difficulties.



> Country Passenger Division cont.

Road Coaches

Work has progressed to replace the road coach fleet with 20 new coaches, the first of which will take to the road early next year.

The new vehicles will be of the latest design and will feature devices to assist passengers with mobility difficulties, such as wheelchair lifts and storage for wheelchairs. Local Western Australian content will be approximately 40% which includes bodywork and internal fit-out.

The first coaches will be available in early 2003 and the last will be delivered by the end of 2003, with the fleet costing approximately \$10 million.

Other Projects

Other smaller capital projects progressed during the year were:

- planning to improve passenger access by raising the platforms to railcar height

at Pinjarra, Waroona, Brunswick, Serpentine and Mundijong on the Bunbury railway line, and at Northam, Cunderdin, Merredin and Southern Cross on the Perth to Kalgoorlie line;

- ongoing refurbishment of the Australind to provide improved seating comfort, increased luggage area, improved braking, branding, and a range of mechanical initiatives to improve overall performance; and
- replacement of computers, upgrading of telephone communications and introduction of a computerised database to enhance the operational efficiency of the Country Passenger Division and provide information for performance measurement.

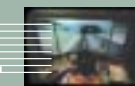
The station upgrades are expected to be completed during the next two years at a cost of \$1.6 million, while the Australind refurbishment will be finished in December 2002 at a cost of \$1.5 million.

Passenger Profile

WAGR road coach services were used by 231,390 passengers, while there were 257,000 passengers on country passenger trains during the 2001-2002 financial year.

Profile of Road Coach Customers		Profile of Train Customers	
Adult	25%	Adult	36%
Pensioner free	18%	Pensioner free	14%
Concessions	39%	Concessions	34%
Children	18%	Children	16%

The country train services attracted a higher proportion of adult fare passengers than did road coaches. This is attributed to the airline crisis at the beginning of the year.



> Country Passenger Division cont.

Our Performance

We undertook an extensive passenger satisfaction survey using a percentage sample size for each major road coach and rail car route (see table adjacent).

In summary, the results by geographical route provide an indicative passenger perception of WAGR services.



ROAD COACH SURVEY RESULTS

Region						RAILCAR	
	Geraldton	Albany	Augusta	Esperance	Pemberton	Prospector	Australind
Value for money	97%	92%	92%	96%	92%	92%	88%
Reliability	96%	94%	86%	90%	87%	80%	84%
Staff	96%	99%	97%	90%	92%	94%	94%
Comfort	91%	78%	93%	83%	98%	80%	91%
Cleanliness	99%	99%	97%	97%	100%	77%	96%
Frequency	80%	76%	61%	71%	68%	62%	82%
Refreshment	58%	48%	48%	46%	50%	67%	67%

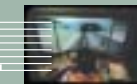
Almost 50% of passengers in the survey group indicated their purpose of travel was for visiting friends and relatives, or holidays.

There was a high correlation between responses on different routes, leading to the following observations of the results:

- general recognition of value for money;
- a high acceptance of staff performance;
- acceptance of comfort levels on road coaches and the *Australind* was considered

more than satisfactory, however, the *Prospector* is showing signs of age.

- high acceptance of cleanliness levels on the *Australind*, very similar to the road coaches, while the *Prospector*, while adequate, drew comment due to wear and tear; and
- the frequency level of services was considered adequate.



› Country Passenger Division cont.

Survey Comments

The general results of the survey indicate a high degree of acceptance of Country Passenger services by passengers.

Issues of concern raised by passengers of the Prospector services related to cleanliness, speed of the journey and onboard entertainment. These issues relate very much to the age of the railcars.

The responses to refreshment services and the frequency of some services indicates a wide range of passenger views.

The results of the survey provide a very good base for establishing performance indicators and initiating improvements in Country Passenger services.

Call Centre Response

The key performance target in our reservations call centre is for 95% of all calls to be answered within 40 seconds. The results are as follows:

	2000 - 2001	2001 - 2002
Calls received	435,300	402,503
Answered within		
40 seconds	409,119	382,471
Percentage	93.99%	95.02%

Internet Bookings

We introduced internet bookings with some agents at Esperance, Merredin and Geraldton. The facility allows agents to enter straight into the booking system, providing efficiencies in staffing and reduced system maintenance in these locations. Reports on the system indicate reservation time has been quicker for agents entering their own information via the internet. Plans are in place to extend the internet booking system in 2002/2003.

Lost-time Accidents

There has been a strong emphasis on safety with the development of appropriate training for personnel throughout the Division. This has been reflected in only two lost time accidents for the year due to luggage handling

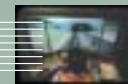
incidents. It is intended training for staff in this aspect of their duties will continue.

Training

The Division has undertaken a skills analysis of all its activities and is currently designing a range of nationally accredited training courses to enhance its provision of service to the wider community.

All staff attended a Customer Focussed Team training course conducted throughout the year by Morrison Consulting & Training Pty Ltd. The course carries nationally recognised qualifications in the Application of Customer Service Skills and the provision of Customer Service Skills in Passenger Vehicles.

To further enhance staff skills it is intended to conduct training dedicated to the travel needs of passengers who have a range of impairments. This is part of the organisation's commitment of service to all members of the community.



› Network & Infrastructure Division

PURPOSE: To provide and manage publicly owned railway land, infrastructure and fixed assets to optimal and sustainable standards and quality, as agreed with customers and government, to meet the needs of operators and other users.
AIM: To be recognised by customers as providing an excellent service.

The Division is responsible for the management and maintenance of WAGR's railway network and regional passenger infrastructure. This is done in compliance with the WAGR Safety Management System accredited to Australian Standard AS4292.

The Division is responsible for WAGR's property and the disposal of any surplus property. It also, on behalf of the Rail Corridor Minister, manages the corridor land on which the freight rail network is located and the lease of the freight railway.

Network and Infrastructure manages access to the WAGR network, ensuring the requirements of the *Railways (Access) Act 1998* are met by external operators.

Our Performance

The Network and Infrastructure Division's success in maintaining WAGR's urban network infrastructure to a high standard of reliability and in responding efficiently to faults when they have occurred, has contributed to

the organisation's achievement of a 98% on-time-running result for 2001/2002.

Consolidation of Resources

The structure and organisation of the Division was reviewed during the year based on its performance and experience since the sale of the freight business in December 2000. The main result of the review has been the focusing of all civil engineering resources within one group dealing with both urban and country capital works and preparing for the future expansion of the Urban System to Mandurah over the coming years.

The Planning and Property Branch takes over management of the Corridor and the preliminary planning phases of all developments to ensure an integrated planning solution to both new developments and upgrades.

Safety

A strong focus on safety has been maintained during the year resulting in two lost time accidents.

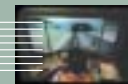
Capital Works

Security Project

Work has proceeded on the *Safelink* initiatives introduced in 2000/2001 to improve security across the urban network. Key elements in this are the operation of a centrally monitored video surveillance system (CCTV) providing images of entry and exit points at all 57 metropolitan stations and improved station lighting.

Works carried out on the project this year included:

- improvement of lighting and electrical works on the Fremantle and Midland lines (due to finish February 2003);
- the installment of backbone fibre on the Fremantle and Midland lines (due to finish August 2002);
- CCTV trials at Gosnells, Shenton Park and Maylands Stations; and
- development of an Integrated Platform Equipment Unit prototype.



› Network & Infrastructure Division cont.

NETWORK & INFRASTRUCTURE

Station Improvements

Maylands Station

A major upgrade of Maylands Station was completed, providing a new station access via an underpass, improved passenger facilities and greatly enhancing the area on the North Side of the station including the vista to the Peninsula Hotel.

Claisebrook Station

A \$3.5million upgrade of the Claisebrook Station was commenced including improving accessibility and installing new shelters and upgraded passenger facilities.

City West Station

Work commenced to bring this station up to the required standard of access by people with disabilities including installation of tactile paving and reducing the gap between railcars and the platform.

Whitfords Station

Whitfords Station carpark was extended to cater for 110 extra cars. Traffic flow has also been improved particularly in the Drop 'n' Ride area.

Other Stations

Works at other stations included:

- repainting of the Leederville, Whitfords and Gosnells Stations;
- repainting of the WAGR section of the Pearce Street footbridge;
- closure of Phillimore Street footbridge and opening of a new 'at grade' pedestrian crossing; and
- new shelters at Seaforth and Beckenham Stations.

Track Works

West Leederville

A crossover was installed at West Leederville Station at a cost of \$1.1 million to increase the efficiency of crowd movement from Subiaco Oval.

The project also included an extension of the Perth bound platform to enable six-car train sets to stop at the station.

Sleeper Replacement

Network and Infrastructure is in the process of replacing all wooden sleepers on the Perth

urban rail network with concrete sleepers. This 10-year project covers the older lines from Perth to Fremantle, Perth to Midland and Perth to Armadale.

Land Rationalisation

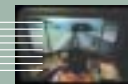
Budgeted income was considerably below target because of continued negotiations on two major sites. These two sites are expected to settle in early 2002/03.

Sale of WAGR's housing portfolio is on target and will continue to deliver good returns.

The planning process to rezone surplus sites prior to disposal is underway at Robb's Jetty, Claremont and various smaller sites.

Third Party Access

Proposed Train Management Guidelines and Segregation Arrangements were submitted to the Western Australian Independent Access Regulator during the year. The Access Regulator gave a determination on the segregation arrangements to apply to WAGR from June 2002.



> Corporate Issues

Rail Safety Compliance

The Department of Transport, Office of Rail Safety conducted a rail safety compliance audit based on the 2000-2001 Compliance Audit program and issued its report in December 2001. WAGR's accreditation status as an Owner and Operator of a railway under the *Rail Safety Act 1998* was maintained, having demonstrated compliance with the Rail Safety Standard AS 4292 Part 1, *Railway Safety Management: General and Interstate Requirements*. Through our normal process of reporting on rail safety to the Director General of Transport, we identified 285 *Notifiable Occurrences* as defined in the *Rail Safety Regulations 1999*, a 21.48% improvement on last year.

Alcohol and Other Drugs

Testing for use of alcohol or other drugs was conducted on a random basis in compliance with the *Rail Safety Act* section 31. No adverse trends were detected.

Signals Passed at Danger

The total number of Signals Passed at Danger (SPADs) was lower than in the two previous years which is a positive indicator with respect to rail safety.

There were no driver error (misjudged) SPADs incurred by country passenger services for the second year running.

Overall, the SPAD rate is 3.89 per million train kilometres, a significant improvement on the previous year's rate of 5.47 per million.

Level Crossing Incidents

There were 36 level crossing incidents in the metropolitan system compared to 25 last year, 85% involving road vehicles. 36% resulted in low property damage (<\$10,000) and 17% in moderate property damage (<\$100,000). Equipment vandalism was down 23% on the previous year.

Quality Assurance

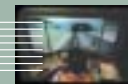
WAGR continued to meet the requirements

of the external certification program under AS/NZS ISO 9001:2000 for preventative maintenance and cleaning of the fleet of electric multiple unit railcars (EMU's). The EMU Maintenance Depot demonstrated an excellent level of commitment and continues to maintain an exceptional level of control within its management system.

The quality management system applicable to the tendering, contract establishment, procurements, inventory control and disposal of surplus plant and equipment was reviewed with a view to certification to AS/NZS ISO 9001: 2000.

Internal Audit

The Internal Audit Committee decided to outsource management and delivery of the internal audit function, in order to improve quality and effectiveness. Hall Chadwick were the successful tenderer. A Strategic Internal Audit Plan has been developed covering the period to 2004.



> Corporate Issues cont.

Risk Management

WAGR's insurer, RiskCover gave the existing risk management program a health check to ensure a systematic approach to the identification and management of risk issues.

Workshops were held across the organisation to adopt a common framework and methodology compliant with AS/NZS 4360.

Procurement

In May 2002 the State Supply Commission undertook a Risk Management Review of the purchasing and contracting functions. This review found that there was a sound and well managed framework for central purchasing and contracting. Improvements were recommended in respect of use of the Government Contracting Information Bulletin Board, and the recording of purchases below \$5000; these improvements are being implemented.

Ministerial Liaison

Ministerial correspondence increased 33.8% on the previous year. The main issues were:

- fare evasion infringements and the ticketing system;
- road level crossing protection;
- additional lighting on locomotives; and
- the South West Metropolitan Railway project (Mandurah rail link).

Disability Access Planning

The WAGR Access Policy and Plan reflects compliance with the Disability Standards for Accessible Public Transport 2001 (Draft). The plan was reviewed and updated to reflect the progress made with implementation since its inception 1995.

Work is being done across the network to make station platforms level with railcar floors to improve access for people with

disabilities. To achieve this, station platform heights relative to the railhead are being progressively brought to standard.

Compliance Statements

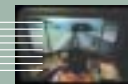
Statement of Compliance with Public Sector Standards

WAGR's human resource management policies and practices are subject to ongoing review and, in accordance with section 31 (1) of the *Public Sector Management Act*, comply fully with the Public Sector Standards in Human Resource Management.

Statement of Compliance with relevant written law

Enabling legislation

WAGR is established under the *Government Railways Act 1904* to direct, manage, maintain and control the government railways in Western Australia. Currently the Minister responsible for WAGR is the Minister for Planning and Infrastructure.



> Corporate Issues cont.

Statement of Compliance with relevant written law (cont.)

Legislation Administered

As stated in Section 8 (2) of the *Government Railways Act 1904*, the WAGR Commission is responsible for the administration of this Act.

Legislation impacting on the WAGR Commission's activities

In the performance of its functions the Commission complies with all written relevant laws of Western Australia and reports on an annual basis in accordance with the following key legislation:

Financial Administration and Audit Act 1985;
Electoral Act 1907;
Equal Opportunity Act 1984;
Superannuation and Family Benefit Act 1938;
Heritage of Western Australian Act 1990;
Freedom of Information Act 1992;

State Supply Commission Act 1991;
Occupational Safety & Health Act 1994;
Public Sector Management Act 1994;
Disability Services Act WA NO 36 of 1993;
Rail Safety Act 1998; and
State Trading Concerns Act 1916.

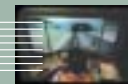
Other various Agreements/Acts and written laws impact on the WAGR Commission's activities from time to time.

In the financial administration of WAGR we have complied with the requirements of the *Financial Administration and Audit Act 1985*. In addition we have complied with every other relevant written law and exercised controls, which provide reasonable assurance that, the receipt and expenditure of moneys and the acquisition and disposal of public property and incurring of liabilities have been in accordance with legislative provisions.

As at the date of signing we are not aware of any circumstances which would render the particulars included in this statement misleading or inaccurate.

Reece Waldock
Accountable Authority

John Leaf
Principal Accounting Officer



› People and Organisational Development Division

PURPOSE: To provide an effective customer focused human resource service consistent with the organisation's purpose, aim and values.

AIM: To establish WAGR as an employer of choice.

Human Resources has changed its name to People and Organisational Development (POD) to reflect the expanded role of the division, which now includes organisational development and payroll services.

The Division provides human resource, occupational safety, health & environment and labour relations services. It is committed to enhancing and assisting performance at the divisional and individual level, consistent with WAGR's purpose, aim and values.

POD's responsibilities include providing advice and assistance with:

- the recruitment and selection process;
- monitoring and compliance with HR Management Standards;
- review and implementation of Best Practice WAGR policies and procedures;
- ensuring equity standards are upheld;
- providing avenues for grievance resolution;

- advice on labour relations matters; and
- occupational safety and health.

Key Achievements

Code of Conduct

WAGR's Code of Conduct has been revised after consultation with staff across the organisation.

The Code of Conduct is designed to help all staff understand their responsibilities and obligations as Public Sector employees and provide the basis on which they can make informed, fair and ethical decisions.

The Code of Conduct will be reviewed annually.

Classification Review

Reviews of classification were conducted for over 140 salaried officers' positions during the year.

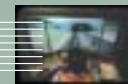
Industrial Relations

Industrial agreements covering WAGR staff have been concluded and registered in the State and Federal Industrial jurisdictions without loss of time through industrial action. The agreements are consistent with Government Wages Policy, whilst allowing sufficient operational flexibility.

Workers' Compensation

The ongoing priority and focus placed on safety within the organisation has seen the lost time employee accidents for the year decrease from the previous year's total of 49 to 14 this financial year.

The continued commitment to rehabilitating an injured employee has led to a reduction in the duration rate of an injured employee being absent from work from 8.8 days to 6.17 days.



› People and Organisational Development cont.

PEOPLE & ORGANISATIONAL DEVELOPMENT

Staff Induction

WAGR's staff induction policy and processes have been significantly revised, as have recruitment, selection and appointment policies and processes.

Training

A training needs analysis has been concluded and a Training Plan endorsed. The plan covers:

- expansion of scope of the existing Registered Training Organisation housed within the Urban Passenger Division to capture the rest of the organisation;
- identification of priority areas within operational Divisions and the Commission;
- a significantly revised approach to data capture within the Human Resource Management System, enhancing workforce planning and statistical data; and
- direct involvement in implementation of training priorities through the establishment of a Cross-Divisional Training Committee.

Leadership Training

Leadership training has been developed consistent with Front Line Management competencies. Comprising five core units and up to six elective units, the program enables achievement of a nationally recognised qualification at Diploma level. The first pilot course will be run during 2002-03.

Performance and Development Plans

Progress has been made in the implementation of Personal Development Plans, which are designed to:

- enhance employee understanding of their role in delivering organisational outcomes;
- identify the basis upon which those outcomes are delivered; and
- identify areas of professional, personal or competency based development required to enhance career prospects and ensure employees are equipped with necessary competency and skill.

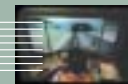
- ensure professional, knowledge and skill gaps are identified and incorporated into future training and planning cycles.

Redeployees

Career Transition Workshops have concluded for existing redeployees and strategies developed to hasten the development and transfer of displaced staff into appropriate positions within the organisation. Displaced staff have been trained in interview and curriculum vitae preparation, workplace language and literacy and life skills.

Workplace English Language & Literacy

A Workplace English language and literacy program has been introduced and has been received by staff. The program is designed to improve employees' basic computer skills and focuses on literacy in the workplace. Where literacy problems are identified, programs are available to assist staff.



> People and Organisational Development cont.

PEOPLE & ORGANISATIONAL DEVELOPMENT

Our Staff

WAGR employed 574 staff as of 30 June 2002.

Commission	79*
Finance	17
Urban Passenger	270
Country Passenger	113
Network and Infrastructure	95
TOTAL	574

* Includes 46 redeployees

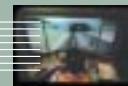
Women

The number of women employed by WAGR has increased to 12% of the workforce.

Standards in HR Management

No breaches of standards in HR management were detected during 2001/2002.





› Explanation of Major Capital Expenditure Variations

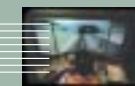
(a) Budgeted estimates and actual results for 2001/2002

	<i>Budget \$000</i>	<i>Actual \$000</i>	<i>Variation \$000</i>	<i>Comments</i>
URBAN PASSENGER SERVICES				
Bassendean Station Upgrade	1,000	-	1,000	Project Re-scheduled
Claisebrook Station Upgrade	3,000	444	2,556	Project Delayed
City West Station Upgrade	1,500	319	1,181	Project Delayed
Disability Access for Minor Stations	1,000	-	1,000	Project Re-scheduled
Network Replace Station DAVS	800	-	800	Project Deferred
Other	27,580	19,970	7,610	Projects Delayed
Total	34,880	20,733	14,147	
COUNTRY PASSENGER SERVICES				
Prospector, Australind & AvonLink Railcars	24,694	13,278	11,416	Project Delayed
Road Coaches	4,500	-	4,500	Project Re-scheduled
Passenger Information System GPS	320	-	320	Project Re-scheduled
Other	100	120	(20)	
Total	29,614	13,398	16,216	
CORPORATE				
Westrail Centre Upgrade	2,100	4,043	(1,943)	Expenditure Revised Mid Year
Westrail Centre Lift Upgrade	1,400	332	1,068	Project Delayed
Geraldton Southern Rail Corridor	4,500	2,579	1,921	Project Delayed
Applications Transition Project	2,120	940	1,180	Project Delayed
Total	10,120	7,894	2,226	
WAGR TOTAL	74,614	42,025	32,589	
Perth Urban Rail Development	71,750	60,250	11,500	Project Re-scheduled
GRAND TOTAL	146,364	102,275	44,089	
<i>Note</i>				
Department of Planning and Infrastructure -				
Urban Security Initiative Project		1832		
Total inc Department of Planning				
and Infrastructure		104,107		

› Explanation of Major Capital Expenditure Variations

(b) Actual results for 2001/2002 compared to preceding year

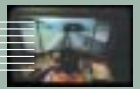
	2002 \$000	2001 \$000	Variation \$000
Freight	-	46,055	(46,055)
Urban Passenger Services	20,733	8,532	12,201
Country Passenger Services	13,398	9,489	3,909
Corporate	7,894	1,859	6,035
Perth Urban Rail Development	60,250	-	60,250
TOTAL CAPITAL EXPENDITURE	102,275	65,935	36,340



› Explanation of Major Capital Expenditure Variations

(c) Major uncompleted works

	<i>Estimated Total Cost (as per 02/03 Tsy Budget)</i>	<i>Est. Cost to complete</i>	<i>Year of Completion</i>
	\$000	\$000	
PERTH URBAN RAIL DEVELOPMENT - INFRASTRUCTURE	1,053,778	984,451	2007/2008
PERTH URBAN RAIL DEVELOPMENT - RAILCARS	299,976	273,102	2007/2008
PROSPECTOR - AUSTRALIND - AVONLINK	59,000	38,352	2003/2004
GERALDTON SOUTHERN RAIL CORRIDOR	53,000	50,421	2005/2006
SPLIT & REPLACE RADIO SYSTEM	12,506	12,488	2006/2007
REPLACEMENT ROAD COACHES	10,000	10,000	2003/2004
CYCLIC MAINTENANCE	8,546	6,615	2005/2006
EMU MODIFICATIONS FOR DISABLE SERVICES REQUIREMENTS	7,800	7,679	2005/2006
HEPBURN AVENUE TRAIN STATION (GREENWOOD)	6,800	6,197	2003/2004
GOSNELLS STATION UPGRADE	6,000	6,000	2003/2004
ARMADALE STATION UPGRADE	6,000	6,000	2003/2004
BASSEDEAN STATION UPGRADE	5,500	5,500	2003/2004
EMU MODIFICATIONS & SEATS	4,691	2,136	2003/2004
APPLICATIONS TRANSITION PROJECT	4,290	3,060	2004/2005
DISABILITY ACCESS FOR MINOR STATIONS	4,000	4,000	2004/2005
SECOND CCTV CAMERA ON EMU RAILCARS	3,000	3,000	2003/2004
MIDLAND STATION INTERCHANGE	3,000	3,000	2004/2005
CLAISEBROOK STATION UPGRADE	2,400	1,955	2002/2003
AUSTRALIND UPGRADE	2,250	2,063	2002/2003
JOONDALUP SPECIAL EVENT	2,200	2,200	2004/2005
KELMSCOTT STATION UPGRADE	2,100	2,100	2003/2004
EMU LONGITUDINAL SEATS	2,109	1,706	2002/2003
CLAREMONT STATION UPGRADE	2,000	2,000	2003/2004
EMU TRACTION MOTORS	1,800	1,800	2004/2005
DISABILITY ACCESS UPGRADE REMOTE STATION	1,641	1,550	2003/2004
PERTH STATION HORSESHOE BRIDGE STAGE 2	1,645	753	2002/2003
COMPLETE CCTV SECURITY CARPARK	1,503	1,503	2003/2004
SUBURBAN UPGRADE OF TURNOUTS	1,468	1,462	2002/2003
WESTRAIL CENTRE - LIFT UPGRADE	1,400	1,068	2002/2003
EMU ON BOARD PASSENGER CAMERAS (COUNT)	1,100	1,100	2002/2003
EMU DOOR STATUS MONITORING	1,200	671	2002/2003
PERTH STATION - UPGRADE POWER SUPPLY	1,024	814	2003/2004
JOONDALUP CAR PARK - COMMUTER PARKING	600	600	2002/2003
ERGONOMIC CAB MODIFICATIONS	3,132	980	2002/2003
DATA COMMUNICATIONS - ATP DATA DOWNLOADS	500	493	2002/2003
LIFT PERTH STATION - WELLINGTON STREET	510	510	2002/2003



> Explanation of Major Capital Expenditure Variations

(d) Major completed works

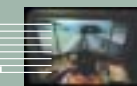
Total Cost
\$000

Permanent Way	1,868
Land and Buildings	11,360
Plant and Equipment	727
Railcars	6,136
TOTAL	20,091

› Electoral Amendment (Political Finance) Act 1992

Under section 175ZE of the above mentioned Act, WAGR is required to disclose expenditure for polling, direct mail organisations, advertising agencies, market research and media advertising organisations costs. The following costs were recorded against these items:

	2002 \$	2001 \$
Polling organisations	Nil	Nil
Direct mail organisations	Nil	Nil
Advertising agencies:		
A. Goninan & Co. Ltd	3,200	Nil
Advance Press	Nil	1,610
Australasian Railway Association Inc.	1,950	Nil
Beilby Management Services	Nil	6,835
Definition	Nil	1,596
Department of Premier and Cabinet	5,059	Nil
Design Design Graphic Management	17,896	Nil
Executive Media Pty Ltd	Nil	1,099
Family and Children's Services	14,000	Nil
Final Print Pty Ltd	2,273	2,273
Illustrations	Nil	1,567
Informa Australia Pty Ltd	Nil	3,097
Kalgoorlie Tourist Bureau	850	Nil
Marketforce Limited	54,747	40,283
Picton Press	3,660	Nil
Splash Writing & Design	264	Nil
State Law Publisher	331	Nil
The Curiosity Company	3,000	Nil
Tudor House	109	Nil
Viscom Creative Imaging	930	Nil
Voice News	1,300	Nil
Westaff Australia Pty Ltd	10,487	Nil
Wilson Sign Solutions	296	Nil
	120,352	58,360
Market research agencies:		
BSD Consultants Pty Ltd	76,339	Nil
Centre for Industry Research	23,964	Nil
Department of Land Administration	750	Nil
Donovan Research	800	7,108
Market Equity	Nil	14,000
Picton Press	1,110	Nil
	102,963	21,108
Media advertising agencies:		
Media Decisions	5,823	3,468
Total	229,138	82,936



› Performance Indicators 2001/02

Urban Passenger

Outcome: To provide a high quality, attractive urban rail passenger service.

Effectiveness Indicators

1. Passenger Satisfaction Index (Graph 1) Percentage of patrons that, overall, were satisfied with the rail system.

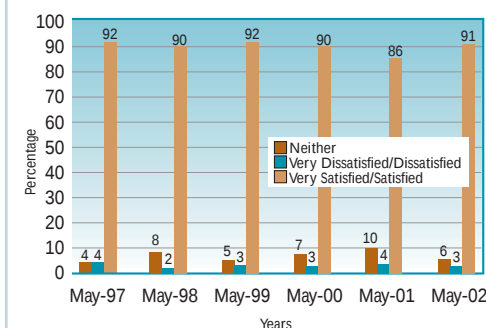
The percentage of patrons that, overall, were satisfied with the rail system measures the public perception of the organisation's performance in providing a high quality attractive urban rail passenger service. The measure is derived from an annual survey conducted by independent consultants who interviewed a sample of 674 passengers travelling on all suburban lines. 454 passengers responded to the survey providing a response rate of 67%. The total population of urban rail users is estimated to be 124,600 and is based on total passenger boardings. This provides a

standard error rate of +/-4.59% at a 95% confidence level.

An interviewer is assigned over a four week period commencing in February 2002 across all days of the working week and weekend. A questionnaire is used by the interviewer and respondents are asked to refer to the 'last trip' taken at the patrons usual trip time.

The passenger satisfaction survey results provide an objective, unbiased view over time of patrons overall satisfaction with the system and their reasons for any dissatisfaction. The information is used by management to develop strategies for improving performance. Satisfaction levels of 91% exceeded those attained in the previous year (86%).

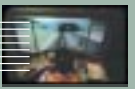
1. PASSENGER SATISFACTION INDEX



2. On Time Running (Graph 2) Percentage of services that arrived within three minutes of tabled service time.

On time running is a key performance indicator as punctuality of train services is ranked as one of the most important characteristics of a quality service by rail patrons from the independent survey.

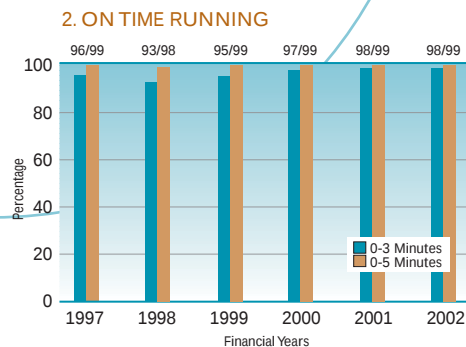
The percentage of services that arrive within three minutes of scheduled time, measures the effectiveness of the system in achieving a high quality, punctual train service.



> Performance Indicators 2001/02

2. On Time Running (Graph 2) cont.

Urban passenger was able to achieve high on time running performances again in the year, with on time running approaching 98%.



Output: Delivery of cost effective passenger transport services.

Efficiency Indicators

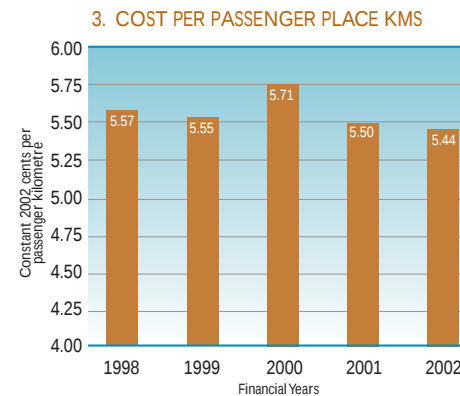
1. Cost Efficiency

a) Cost per passenger place kilometre (Graph 3)

The cost per passenger place kilometre measures the cost efficiency of providing

available capacity to potential passengers. It is calculated by dividing the total annual cost for operating the rail system by the total passenger place kilometres.

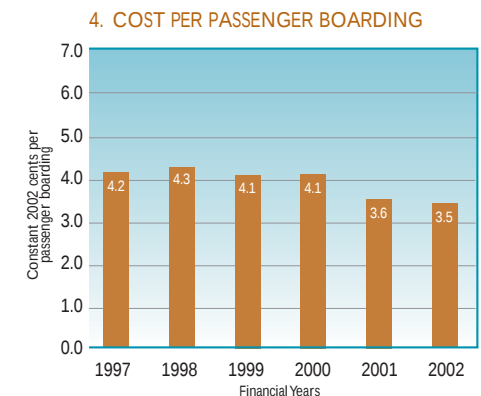
Total passenger place kilometres is calculated by total kilometres travelled during the year multiplied by total seating capacity. The previous years' figures have been adjusted for inflation.

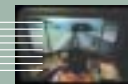


b) Cost per passenger boarding (Graph 4)

The cost per passenger boarding measures the cost efficiency of providing services to passengers boarding trains. It is calculated by dividing the total annual cost for operating the rail system by the total passenger boardings.

A decrease in total annual operating costs and similar passenger boarding levels to the previous year, results in a reduced operating cost per passenger boarding. The previous years' figures have been adjusted for inflation.





› Performance Indicators 2001/02

Country Passenger

Outcome: To provide attractive and efficient country rail and road transport services.

Effectiveness Indicator

1. On Time Running (Graph 5)

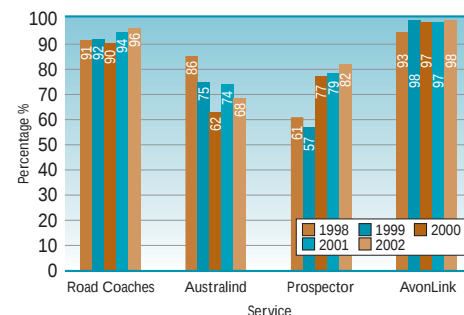
Percentage of services that arrived within agreed service standard times.

Customer feedback continually highlights the significance of punctuality of rail and road services, a key characteristic of an efficient and attractive service. On time running is the performance indicator used to measure punctuality.

For the Prospector train service the on time running standard is within 15 minutes of scheduled arrival time. For the Australind and AvonLink train services and Road Coach services the on time running standard is within 10 minutes of scheduled arrival time.

Sustained and/or improved on time running performance levels were obtained for Road Coaches, Prospector and AvonLink services. The Australind performance was effected by track conditions, which eventually involved significant upgrading of the track. Performance levels for the Australind were substantially improved by late May.

5. ON TIME RUNNING



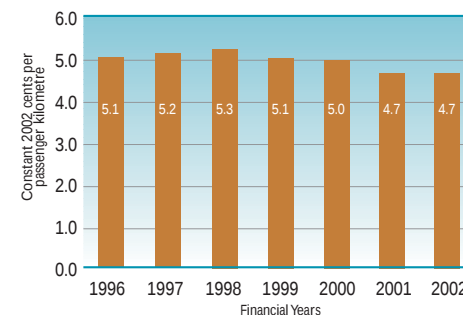
2. Fares

a) Passenger Fares - Overall (Graph 6)

It is considered an important feature to provide a value for money, attractive and affordable country rail and road service to our patrons. This is reflected in the overall passenger fares.

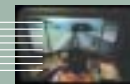
Country Passenger fares - overall graph is calculated using the overall passenger revenue earned divided by the total number of passenger kilometres travelled. The previous years' figures have been adjusted for inflation.

6. PASSENGER FARES - OVERALL



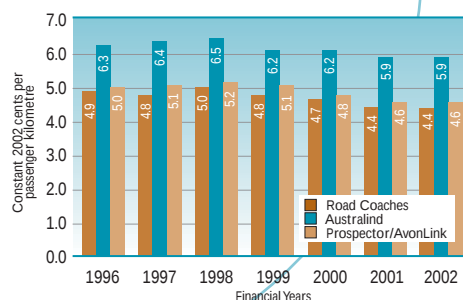
b) Passenger Fares - Individual Service (Graph 7) (see next page)

Country Passenger fares - individual service graph is calculated using the overall passenger revenue earned for each individual service divided by the total number of passenger kilometres travelled for that same service. The previous years' figures have been adjusted for inflation.



> Certification of Performance Indicators

7. PASSENGER FARES - INDIVIDUAL SERVICE



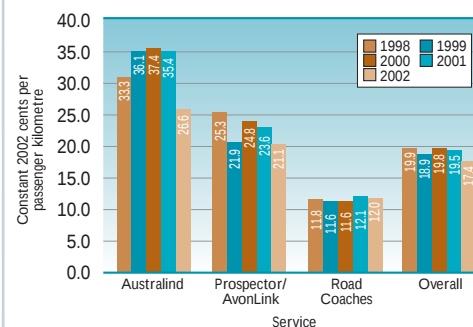
Output: Delivery of cost effective passenger transport services

Efficiency Indicator

1. Cost Efficiency - Cost per passenger kilometre (Graph 8)

The cost per passenger kilometre measures the cost efficiency of providing passenger services, expressed as the cost of carrying one passenger one kilometre. It is calculated by dividing the total annual cost for each service by the number of kilometres for each service. The previous years' figures have been adjusted for inflation.

8. COST EFFICIENCY



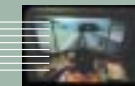
Notes to the Indicators

The Western Australian Government Railways Commission sold the Freight Business in December 2000. The costs associated with residual freight activities are not directly related to the Urban Passenger and Country Passenger outputs. Consequently, the efficiency indicators reported do not include costs associated with these residual freight activities. For the financial year ending 30 June 2002, these costs total \$36 million.

Certification of Performance Indicators

I hereby certify that the Performance Indicators are based on proper records, are relevant and appropriate for assisting users to assess The Western Australian Government Railways Commission's performance, and fairly represent the performance of The Western Australian Government Railways Commission for the financial year ended June 30, 2002.

Reece Waldock
Accountable Authority
August 30, 2002



› Opinion of the Auditor General - Performance Indicators

To the Parliament of Western Australia

THE WESTERN AUSTRALIAN GOVERNMENT RAILWAYS COMMISSION PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2002

Matters Relating to the Electronic Presentation of the Audited Performance Indicators

This audit opinion relates to the performance indicators of The Western Australian Government Railways Commission for the year ended June 30, 2002 included on The Western Australian Government Railways Commission's web site. The Commission is responsible for the integrity of The Western Australian Government Railways Commission's web site. I have not been engaged to report on the integrity of this web site. The audit opinion refers only to the performance indicators named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these performance indicators. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited performance indicators to confirm the information included in the audited performance indicators presented on this web site.

Scope

I have audited the key effectiveness and efficiency performance indicators of The Western Australian Government Railways Commission for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Commission is responsible for developing and maintaining proper records and systems for preparing and presenting performance indicators. I have conducted an audit of the key performance indicators in order to express an opinion on them to the Parliament as required by the Act. No opinion is expressed on the output measures of quantity, quality, timeliness and cost.

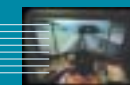
My audit was performed in accordance with Section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, evidence supporting the amounts and other disclosures in the performance indicators, and assessing the relevance and appropriateness of the performance indicators in assisting users to assess the Commission's performance. These procedures have been undertaken to form an opinion as to whether, in all material respects, the performance indicators are relevant and appropriate having regard to their purpose and fairly represent the indicated performance.

The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of The Western Australian Government Railways Commission are relevant and appropriate for assisting users to assess the Commission's performance and fairly represent the indicated performance for the year ended June 30, 2002.

DDR PEARSON
AUDITOR GENERAL
October 4, 2002

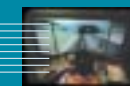


› Financial Statements 2001/02

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FINANCIAL STATEMENTS

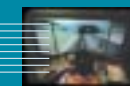
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STATEMENT OF FINANCIAL PERFORMANCE
for the year ended 30 June 2002

	NOTES	2002 \$000	2001 \$000
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	3	35,513	66,813
Supplies and Services	4	56,116	93,165
Depreciation expense	5	36,566	47,295
Borrowing costs expense	6	40,661	106,842
Operating lease expense		4,225	5,120
Energy and fuel		7,981	18,946
Land Rationalisation expense		2,694	14,232
Other expenses from ordinary activities	7	3,024	0
Total cost of services		186,780	352,413
REVENUES FROM ORDINARY ACTIVITIES			
Revenues from operating activities			
Freight revenue		0	126,118
Urban Passenger revenue	8	108,822	110,234
Country Passenger revenue	9	7,034	6,853
Community Service Obligations	10	41,768	35,743
Land Rationalisation revenue	11	0	1,968
Operating Lease revenue	12	17,654	8,779
Net profit on disposal of non current assets	13	56	7
Revenues from non-operating activities			
Other revenues from ordinary activities	14	13,915	21,454
Interest revenue		767	871
Total revenues from ordinary activities		190,016	312,027
NET COST OF, (SURPLUS FROM) SERVICES		(3,236)	40,386
REVENUES FROM GOVERNMENT			
Appropriation from Treasury	15	3,034	3,829
Resources received free of charge	15	54	0
Total Revenues from Government		3,088	3,829
Change in net assets before income tax equivalents		6,324	(36,557)
Income tax equivalents	16	28,099	0
Change in net assets after income tax equivalents		34,423	(36,557)
Loss from extraordinary item	17	0	(116,037)
CHANGE IN NET ASSETS		34,423	(152,594)
Total changes in equity other than those resulting from transactions with the WA government as owners		34,423	(152,594)

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

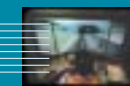


FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
as at 30 June 2002

	NOTES	2002 \$'000	2001 \$'000
Current Assets			
Cash assets	31	42,573	28,753
Restricted cash assets	18	974	1,076
Inventories	19	4,728	3,566
Receivables	20	3,353	5,165
Other assets	21	215	155
Total Current Assets		51,843	38,715
Non Current Assets			
Property, plant, equipment and vehicles	22	1,176,900	1,073,624
Deferred tax assets	16	0	2,389
Total Non Current Assets		1,176,900	1,076,013
TOTAL ASSETS		1,228,743	1,114,728
Current Liabilities			
Payables	23	39,089	31,966
Interest bearing liabilities	24	14,916	25,644
Provisions	25	8,197	7,952
Other liabilities	26	1,127	1,405
Deferred Income - Operating Lease	27	16,088	17,306
Total Current Liabilities		79,417	84,273
Non Current Liabilities			
Interest bearing liabilities	24	740,908	720,339
Provisions	25	1,218	1,241
Deferred tax liabilities	16	0	30,489
Deferred Income - Operating Lease	27	250,298	266,386
Total Non Current Liabilities		992,424	1,018,455
TOTAL LIABILITIES		1,071,841	1,102,728
NET ASSETS		156,902	12,000
Equity			
Contributed equity	28	223,497	113,018
Reserves	29	18,077	18,077
Accumulated surplus/(deficit)	30	(84,672)	(119,095)
TOTAL EQUITY		156,902	12,000

The Statement of Financial Position should be read in conjunction with the accompanying notes.

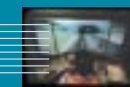


FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
for the year ended 30 June 2002

	NOTES	2002 \$000	2001 \$000
CASH FLOWS FROM/(TO) GOVERNMENT			
Superannuation payment		0	(6,067)
Community Service Obligations		48,795	35,918
Appropriation - land sale proceeds		3,034	3,829
Dividends and tax equivalents		0	(18,213)
Equity Contribution Perth Urban Rail Development		62,000	0
Net cash provided by/(to) Government		113,829	15,467
Utilised as follows			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(36,879)	(124,362)
Supplies and services		(67,040)	(177,267)
Borrowing costs		(40,407)	(98,516)
GST payments to taxation authority		(3,549)	(36,759)
GST on purchases		(14,008)	(20,132)
Other payments		0	0
Receipts			
Receipts from customers		47,558	209,850
Urban Passenger recoup from Department of Planning and Infrastructure		85,964	100,679
Interest received		800	1,007
GST on sales		12,534	55,178
GST receipts from taxation authority		4,955	538
Proceeds from prepaid lease of freight network		0	292,472
Net cash provided by operating activities	31	(10,072)	202,688
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sale of non-current assets – other than Freight Business Assets		42	4,127
Proceeds from sale of Westrail Freight Business		0	260,055
Purchase of non-current assets		(94,842)	(86,096)
Net cash provided by/(used in) investing activities		(94,800)	178,086
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		56,575	214,768
Repayment of borrowings		(37,001)	(578,460)
Other repayments		(14,813)	(11,698)
Net cash provided by financing activities		4,761	(375,390)
Net increase/(decrease) in cash held		13,718	20,851
Cash assets at the beginning of the financial year		29,829	8,978
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	31	43,547	29,829

The Statement of Cash Flows should be read in conjunction with the accompanying notes.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

FINANCIAL STATEMENTS

Note 1 Significant accounting policies

The Western Australian Government Railways Commission (WAGR) is established under the Government Railways Act 1904 to direct, manage, maintain and control the government railways in Western Australia. All Western Australian government railways are vested in the Minister for Western Australian Government Railways. The Western Australian Government Railways Commission administers these railways.

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts, and other authoritative pronouncements of the Australian Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and, where practicable, the resulting financial effect, are disclosed in individual notes to these financial statements.

The statements have been prepared on the accrual basis of accounting using the historical cost convention, except for certain non-current assets which, as noted, have been measured at valuation.

a) Revenue Recognition

Revenue from the rendering of services, sale of goods and disposal of other assets is recognised when WAGR has delivered the service, or passed control of the goods or other assets, to the customer.

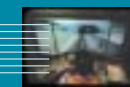
Appropriations and Community Service Obligations (refer notes 10 and 15) are recognised as revenues in the period in which WAGR gains control of the appropriated funds. WAGR gains control of the appropriated funds at the time those funds are deposited into WAGR's bank account.

Urban Passenger recoups funds from the Department of Planning and Infrastructure (DPI) for the total cost of the Urban Rail services performed under a service agreement with the DPI. The funds recouped are recognised as revenue at the time that WAGR renders invoices to the DPI for services performed under the contract on a monthly basis.

b) Acquisition of assets

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus the incidental costs directly attributable to the acquisition.

Assets acquired at no cost, or for nominal consideration, are initially recognised at their fair value at the date of acquisition.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

FINANCIAL STATEMENTS

c) Depreciation of non-current assets

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner that reflects the consumption of their future economic benefits.

Depreciation is provided for on the straight line basis using rates that are reviewed annually. Major depreciation rates for each class of depreciable asset are:

Class of asset	Major depreciation rates
Buildings, miscellaneous	2%
Rollingstock	3%
Permanent way	3%
Plant and equipment	10%
Motor vehicles	14%
Protection Equipment	3%
Freight Network Infrastructure	2%
Leased Wagons	3%
Leased Railcars - diesel	2%
Leased Railcars - electric	4%

d) Employee Entitlements

Annual leave

This entitlement is recognised at current remuneration rates and is measured at the amount unpaid at the reporting date in respect to employees' service up to that date.

Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

Consideration is given, when assessing expected future payments, to expected future wage and salary levels including relevant on costs,

experience of employee departures and periods of service. Expected future payments are discounted using interest rates to obtain the estimated future cash outflows.

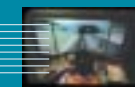
Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit and lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Governments Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The liability for superannuation charges incurred under the Pension Scheme, together with the pre-transfer service liability for employees who transferred to the Gold State Superannuation Scheme, were assumed by State Treasury as part of the financial restructure arrangement entered into with State Treasury in July 1996.

The liabilities for Superannuation charges under the Gold State Superannuation Scheme and West State Superannuation Scheme are extinguished by payment of employer contributions to GESB.

The note disclosure required by paragraph 51(e) of AAS 30 (being the employer's share of the difference between employees' accrued superannuation benefit and the attributable net market value of plan assets) has not been provided. State scheme deficiencies are recognised by the state in its whole of government reporting. The GESB's records are not structured to provide the information for WAGR. Accordingly, deriving the information for WAGR is impractical under current arrangements, and thus any benefits thereof would be exceeded by the cost of obtaining the information.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

FINANCIAL STATEMENTS

e) Leases

Rights and obligations under finance leases, which are leases that effectively transfer to WAGR substantially all of the risks and benefits incident to ownership of the leased items, are initially recognised as assets and liabilities equal in amount to the present value of the minimum lease payments. The assets are disclosed as railcars and wagons under lease, and are depreciated to the Statement of Financial Performance over the period during which WAGR is expected to benefit from use of the leased assets. Minimum lease payments are allocated between interest expense and reduction of the lease liability, according to the interest rate implicit in the lease.

Finance lease liabilities are allocated between current and non-current components. The principal component of lease payments due on or before the end of the succeeding year is disclosed as a current liability, and the remainder of the lease liability is disclosed as a non-current liability.

WAGR has entered into a number of operating lease arrangements where the lessor effectively retains all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased assets.

f) Prepaid Lease Revenue

The sale of the Freight Business on 17 December 2000, included an Operating Lease of the Freight Network Infrastructure for 49 years between WAGR and Westnet Rail Pty Ltd. The lease rentals were fully prepaid on 17 December 2000, and credited to Deferred Operating Lease Revenue. The annual rental from this lease is recognised as revenue, together with an associated interest expense, in accordance

with net present value principles using a nominal discount rate that recognises the real discount rate and underlying inflation.

g) Receivables

Receivables are recognised at the amounts receivable as they are due for settlement, generally no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubt as to collection exists.

h) Payables

Payables, including accruals not yet billed, are recognised when WAGR becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

i) Inventories

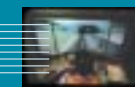
Inventories are valued at the lower of cost and net realisable value. Costs are assigned by the method most appropriate to each particular class of inventory, with the majority being valued on a weighted average cost basis.

j) Interest-bearing liabilities

Loans are recorded at an amount equal to the net proceeds received. Borrowing costs expense is recognised on an accrual basis.

k) Contributed Equity

Under UIG 38 "Contributions by Owners Made to Wholly-Owned Public Sector Entities" transfers in the nature of equity contributions must be designated by the Government (owners) as contributions by owners (at the time of, or prior to transfer) before such transfers can be recognised as equity contributions in the financial statements.



NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 2002

FINANCIAL STATEMENTS

k) Contributed Equity cont.

Capital contributions (appropriations) have been designated as contributions by owners and have been credited directly to Contributed Equity in the Statement of Financial Position. All other transfers have been recognised in the Statement of Financial Performance. Prior to the current reporting period, capital appropriations were recognised as revenue in the Statement of Financial Performance. Capital appropriations which are repayable to the Treasurer are recognised as liabilities.

l) Comparative Figures

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

m) Taxation and Rate Equivalent Regime

WAGR entered into a tax effect equivalent regime (TER) in 1996 whereby an equivalent amount in respect of income tax is payable to the State Treasury. The calculation of the liability in respect of income tax is governed by TER guidelines and directions approved by Government.

As a consequence of participating in the TER, WAGR is required to comply with Accounting Standard AAS 3 "Accounting for Income Tax (Tax Effect Accounting)".

Under Tax-Effect Accounting, the income tax expense shown in the Statement of Financial Performance is based on the pre-tax accounting profit adjusted for income and expenses never to be assessed as income or allowed as being deductible for taxation purposes ("permanent differences").

Timing differences which arise due to income and expense items being recognised in different accounting periods for accounting and tax purposes, are brought to account as either a provision for deferred income tax or as a non-current asset described as future income tax

benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits in relation to timing differences are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future tax benefits in relation to tax losses are not brought to account unless the benefit can be regarded as being virtually certain of realisation.

n) Accrued Salaries

Accrued salaries represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for the financial year does not coincide with the end of the financial year. WAGR considers the carrying amount approximates net fair value.

o) Resources Received Free of Charge

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

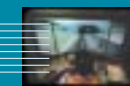
p) Rounding

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Note 2 Dividends

As part of financial arrangements with State Treasury, WAGR previously made dividend payments to the State to ensure a neutral impact on the Consolidated Fund.

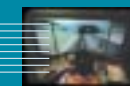
As a result of the sale of the Freight Business on 17 December 2000, WAGR no longer earns a commercial return. Treasury has determined that the payment of Dividends is no longer applicable to WAGR.



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

	2002 \$000	2001 \$000
Note 3 Employee expenses		
Wages and Salaries	29,752	52,180
Payroll Tax	1,697	3,357
Superannuation	2,597	4,631
Workers compensation	714	2,969
Changes to provision for annual and long service leave	753	3,676
TOTAL	35,513	66,813
Note 4 Supplies and Services		
Consultants and Contractors	39,691	61,597
Materials	6,988	10,917
Vehicle costs, computer supplies and other	9,437	20,651
TOTAL	56,116	93,165
Note 5 Depreciation expense		
Buildings	6,960	6,287
Rollingstock	3,128	7,783
Permanent way	8,872	20,101
Plant and equipment	1,215	1,834
Motor vehicles	512	518
Freight Network Infrastructure	11,179	6,003
Leased Wagons and Diesel Railcars	151	255
Railcars- electric	4,549	4,514
TOTAL	36,566	47,295
Note 6 Borrowing costs expense		
Western Australian Treasury Corporation loans	39,418	105,532
Commonwealth loans	357	378
Financial Leases	538	932
Interest expense on prepaid Freight Network Infrastructure Operating Lease	348	0
TOTAL	40,661	106,842



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 7 Other expenses from ordinary activities

Grant to Main Roads Western Australia for the construction of a road bridge associated with the Perth Urban Rail Development Project.

2002
\$000

3,024

2001
\$000

0

Note 8 Urban Passenger revenue

Recoup from Department of Planning and Infrastructure

108,822

110,234

Note 9 Country Passenger revenue

Fares from passengers

7,034

6,853

The difference between the total cost of providing Country Passenger services and the fares collected from passengers is funded as a Community Service Obligation (see note 10).

Note 10 Community Service Obligations (CSO)

Country Passenger:

Australind

4,804

6,761

Prospector / AvonLink

7,318

7,655

Road Services

5,593

5,770

17,715

20,186

Other:

Indian Pacific

683

624

Residual Freight Debt Servicing

17,648

10,607

Surplus employees

2,603

1,788

Post Freight Sale Transitional Costs

1,134

1,070

Corridor and Network Management

1,900

1,468

Albany Spur

85

0

24,053

15,557

TOTAL

41,768

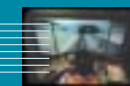
35,743

Note 11 Land Rationalisation revenue

Sale of freehold land belonging to WAGR

0

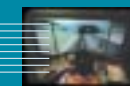
1,968



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

	2002 \$000	2001 \$000
Note 12 Operating Lease revenue		
Rental income from Freight Network Infrastructure	17,654	8,779
Note 13 Net profit on disposal of non current assets		
Profit on sale of property, plant, equipment and vehicles	56	7
Gross proceeds on disposal	56	10
Loss on sale of property, plant, equipment and vehicles	0	0
Gross proceeds on disposal	0	0
Net profit on sale of property, plant, equipment and vehicles	56	7
Note 14 Other revenues from ordinary activities		
Rent of departmental property	5,948	7,242
External Works	158	7,610
Salvage	26	404
Intersystem Passenger	8	73
Miscellaneous	2,025	3,136
Railway Corridor Leases	461	266
Contribution of Assets – Level Crossings	0	2,723
Insurance claim received	2,518	0
Grants received - Department of Planning and Infrastructure	1,761	0
Provisions written back	1,010	0
TOTAL	13,915	21,454
Note 15 Revenues from Government		
Appropriation from Treasury from the sale of land by the Department of Land Administration	3,034	3,829
Resources received free of charge – Office of Auditor General	54	0
TOTAL	3,088	3,829



FINANCIAL STATEMENTS

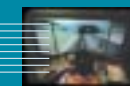
NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 16 Income tax equivalents

The income tax equivalent attributable to the financial year differs from the amount calculated on the change in net assets before income tax equivalent.

The differences are reconciled as follows:

	2002 \$000	2001 \$000
Change in Net Assets before Income Tax Equivalent and including extraordinary items	6,324	(152,594)
Income Tax calculated at 30% (2001 - 34%)	1,897	(51,882)
Tax effect of permanent differences:		
Land Rationalisation Sales	0	2,892
Freight Sale – Capital Profit in Asset Sale	0	29,580
Freight Sale – Non deductible sale costs	0	823
Building depreciation	204	479
Profit on sale of assets	0	100
Asset Contributions – Level Crossings	0	(926)
Restatement of deferred tax balances – Note (i)	0	(3,306)
Tax losses not brought to account – Note (ii)	0	22,238
Asset Contribution – Main Roads	907	0
Timing differences not recognised - Note (ii)	(3,008)	0
Provision for deferred tax no longer recognised - Note (ii)	(30,489)	0
Deferred tax asset no longer recognised - Note (ii)	2,389	0
Total Tax Expense	(28,100)	0
The total income tax equivalent comprises:		
Movement in: Provision for Income Tax	0	0
Provision for Deferred Income Tax	(30,489)	(580)
Movement in: Future Income Tax Benefit	2,389	580
TOTAL	(28,100)	0
Deferred tax assets - Future Income Tax Benefit	0	2,389
Deferred tax liabilities	0	30,489



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note (i) Legislation reduced the company tax rate from 34% to 30% in respect of the 2001/2002 income tax year. Consequently, deferred tax balances, which are expected to reverse in the 2001/2002 or later income years, were restated using the new rates.

Note (ii) The potential future income tax benefit arising from tax losses has not been recognised as an asset because recovery of tax losses is not virtually certain and recovery of timing differences is not assured beyond any reasonable doubt.

Tax losses carried forward at 30% (2001 - 34%)

21,988

24,920

Timing Differences

(5,009)

0

TOTAL

16,979

24,920

Note 17 Loss from extraordinary item

Loss on sale of Freight Business

0

(116,037)

WAGR sold the Westrail Freight Business on 17 December 2000.

Note 18 Restricted cash assets

The following cash assets are restricted because they are held by WAGR on behalf of third parties, subject to certain conditions.

Contractors' deposits

676

792

Railway Servants' Benefit Trust

298

284

TOTAL

974

1,076

Contractors' deposits are held by WAGR as security for contractor performance according to the terms and conditions of the contracts established with each contractor. Generally, the contracts require that these deposits must be maintained intact by WAGR for repayment to the contractor on successful performance of contract conditions.

The Railways Servants' Benefit Trust is governed by a Trust Deed. The funds are to be used only for the purpose of providing welfare to staff in accordance with the Trust Deed.

Note 19 Inventories

Inventories at cost

5,146

3,984

Less provision for obsolescence

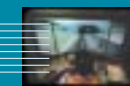
(418)

(418)

TOTAL

4,728

3,566



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 20 Receivables

	2002 \$000	2001 \$000
Debtors	2,454	4,267
Less - Provision for doubtful debts	(346)	(283)
Goods and Services Tax Receivable	1,237	1,175
Other receivables – External Works	8	6
TOTAL	3,353	5,165

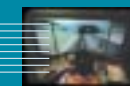
Note 21 Other assets

Other Current Assets		
Prepayments	215	155

Note 22 Property, plant, equipment and vehicles

Property, plant, equipment and vehicles at cost:

Owned Assets		
Land & buildings	210,163	201,839
Rollingstock	136,432	130,296
Permanent way	265,444	270,385
Freight Network Infrastructure	816,975	813,803
Plant and equipment	19,532	18,980
Motor vehicles	9,533	9,573
Leased Assets		
Railcars - diesel	7,916	7,916
Railcars - electric	84,593	84,593
TOTAL	1,550,588	1,537,385



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 22 Property, plant, equipment and vehicles cont.

Accumulated Depreciation:

Owned Assets

Land & buildings

Rollingstock

Permanent way

Freight Network Infrastructure

Plant and equipment

Motor vehicles

Leased Assets

Railcars - diesel

Railcars - electric

TOTAL

Written Down Value:

Owned Assets

Land & buildings

Rollingstock

Permanent way

Freight Network Infrastructure

Plant and equipment

Motor vehicles

Leased Assets

Railcars - diesel

Railcars - electric

TOTAL PROPERTY, PLANT, EQUIPMENT AND VEHICLES

WRITTEN DOWN VALUE

2002
\$000

2001
\$000

55,854

51,895

41,380

36,522

76,013

73,192

295,303

281,514

7,358

6,279

7,989

7,514

7,879

7,728

29,855

27,036

521,631

491,680

154,309

149,944

95,052

93,774

189,431

197,193

521,672

532,289

12,174

12,701

1,544

2,059

37

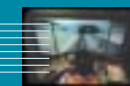
188

54,738

57,557

1,028,957

1,045,705



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 22 Property, plant, equipment and vehicles cont.

Property, plant, equipment and vehicles at valuation:

Protection Equipment * (at WAGR valuation 1998)

Accumulated Depreciation

Written Down Value

Freight Network Infrastructure (at WAGR valuation 1998)

Accumulated Depreciation

Written Down Value

TOTAL PROPERTY, PLANT, EQUIPMENT AND VEHICLES
WRITTEN DOWN VALUE AND VALUATION

Capital Works in Progress

GRAND TOTAL

2002
\$000

2001
\$000

3,243

(1,155)

2,088

14,797

(5,336)

9,461

1,040,506

136,394

1,176,900

3,243

(839)

2,404

14,797

(5,139)

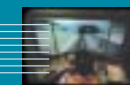
9,658

1,057,767

15,857

1,073,624

*Certain items of protection equipment were capitalised at valuation in the absence of historical cost information. The valuation was based on an internal engineering assessment of current market value as the closest approximation of historical cost.



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

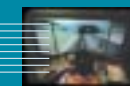
Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current and previous financial year are set out below:

2002	Land & Buildings	Rollingstock	Permanent Way/ Protection Equipment	Freight Network Infrastructure	Plant & Equipment	Motor Vehicles	Leased Wagons	Leased Railcars	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	149,944	93,774	199,597	541,948	12,701	2,058	0	57,745	1,057,767
Additions	11,360	0	1,869	0	720	6	0	6,136	20,091
Disposals (at WDV)	(40)	0	(740)	0	(2)	(4)	0	0	(786)
Other Movement	4	4,406	(333)	363	(30)	(4)	0	(4,406)	0
Depreciation	(6,960)	(3,128)	(8,872)	(11,179)	(1,215)	(512)	0	(4,700)	(36,566)
Carrying amount at end of year	154,308	95,052	191,521	531,132	12,174	1,544	0	54,775	1,040,506
2001	Land & Buildings	Rollingstock	Permanent Way/ Protection Equipment	Freight Network Infrastructure	Plant & Equipment	Motor Vehicles	Leased Wagons	Leased Railcars	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Carrying amount at start of year	209,980	218,734	736,559	0	25,657	2,637	4,572	99,464	1,297,603
Additions	2,632	3,137	161,644	0	1,014	56	14	0	168,497
Disposals (at WDV)	(45,064)	(157,367)	(146,613)	0	(7,394)	(117)	(4,483)	0	(361,038)
Other Movement (i) (ii)	(11,317)	37,053	(531,892)	547,951	(4,742)	0	0	(37,053)	0
Depreciation	(6,287)	(7,783)	(20,101)	(6,003)	(1,834)	(518)	(103)	(4,666)	(47,295)
Carrying amount at end of year	149,944	93,774	199,597	541,948	12,701	2,058	0	57,745	1,057,767

(i) Freight Network Infrastructure class was created when the lease commenced on 17 December 2000 and will be depreciated on a straight line basis over the term of the lease (49 years).

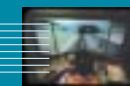
(ii) Transfer of railcars to rollingstock on expiration of lease agreement.



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

	2002 \$000	2001 \$000
Note 23 Payables		
Trade payables	4,895	4,055
Accrued expenses and other payables	34,194	27,911
TOTAL	39,089	31,966
Note 24 Interest bearing liabilities		
LOANS		
(a) Current		
Western Australian Treasury Corporation Loans	5,368	16,000
Commonwealth Loans	378	377
TOTAL	5,746	16,377
(b) Non-Current		
Western Australian Treasury Corporation Loans	707,175	676,970
Commonwealth Loans	5,399	5,777
TOTAL	712,574	682,747
FINANCE LEASE LIABILITY		
Minimum lease payments	37,880	48,974
Deduct - future finance charges	(376)	(2,115)
TOTAL FINANCIAL LEASE LIABILITY	37,504	46,859
Current	9,170	9,267
Non-current	28,334	37,592
TOTAL FINANCIAL LEASE LIABILITY	37,504	46,859
Lease liabilities are effectively secured under the terms and conditions of the lease. The carrying amount of non-current assets under Finance Leases are:		
Electric Railcars	54,774	57,745



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 25 Provisions

EMPLOYEE ENTITLEMENTS

(a) Current

Annual leave

3,388

2,891

Long service leave

2,645

2,389

Severance

23

0

6,056

5,280

(b) Non-Current

Long service leave*

1,218

1,241

* The discount rate applied to the calculation of Long Service Leave is 6%

TOTAL

7,274

6,521

OTHER PROVISIONS

Current

Public Liability Provision

827

939

Workers compensation

1,314

1,733

TOTAL

2,141

2,672

Note 26 Other liabilities

Contractors' Deposits

676

792

Payments held in suspense

153

154

Railway Servants' Benefits Trust

298

284

Advance from another government agency (DPI)

0

175

TOTAL

1,127

1,405

Note 27 Deferred Income – Operating Lease

Freight Network Infrastructure Prepaid Operating Lease

Current

16,088

17,306

Non-Current

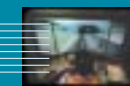
250,298

266,386

TOTAL

266,386

283,692



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 28 Contributed equity

	2002 \$000	2001 \$000
Opening Balance	113,018	113,018
Equity Contributions (i)	48,479	0
Capital contributions (ii)	62,000	0
Closing Balance	223,497	113,018

(i) The net assets of the Perth Urban Rail Development Project were transferred from the Department of Planning and Infrastructure to WAGR during 2002. This transfer of assets has been designated as contribution by the owner and was credited straight to contributed equity.

(ii) From 1 July 2001, capital appropriations, termed capital contributions, have been designated as contributions by owners and are credited straight to equity in the Statement of Financial Position.

Note 29 Reserves

Asset revaluation reserve:		
Opening balance	18,077	18,077
Movements	0	0
Closing balance	18,077	18,077

Note 30 Accumulated surplus/(deficit)

Opening balance	(119,095)	33,712
Change in net assets	34,423	(152,594)
Dividends provided for or paid	0	(18,213)
Dividend provision reversed (see Note 2)	0	18,000
Closing balance	(84,672)	(119,095)

Note 31 Notes to the Statement of Cash Flows

(a) Reconciliation of cash:

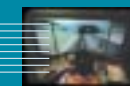
Cash at the end of the financial year, as shown in the Statement of Cash Flows, is reconciled to the related items in the Statement of Financial Position as follows:

Cash assets	42,573	28,753
Restricted cash assets	974	1,076
	43,547	29,829

(b) Non Cash Financing and Investing Activities:

During the financial year WAGR did not acquire any equipment by means of financial leases.

WAGR acquired assets as a contribution by owner from the Department of Planning and Infrastructure valued at \$48.5 million (see note 28).



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 31 Notes to the Statement of Cash Flows cont.

(c) Financing Facilities:

WAGR has a short term equity facility of \$30 million with the Western Australian Treasury Corporation.

Amounts drawn from this facility at June 30

2002
\$000

2001
\$000

5,368

16,000

The Western Australian Treasury Corporation has provided a facility of \$US 106.5 million (2000/01, \$US 108.9 million) to WAGR to meet contingent obligations under a lease agreement that may eventuate during the life of the lease. As of June 30, 2002 none of this facility has been drawn.

(d) Reconciliation of net cost of services to net cash flows provided by/(used in) operating activities:

Net (cost of)/surplus from services

3,236

(40,386)

Reconciling items:

Depreciation

36,566

47,295

(Profit)/loss on sale of non-current assets

(56)

(7)

Land Rationalisation

2,694

12,264

Community Service Obligations

(41,768)

(35,713)

Resources received free of charge

54

0

Other non cash adjustments

(164)

0

Asset Contribution

0

(2,723)

Freight Sale Employee Transfer Costs

0

(45,978)

(Increase)/Decrease in assets:

Current Receivables

1,874

23,827

Current Inventories

(1,162)

18,982

Other Current assets

(60)

9,644

Increase/(Decrease) in liabilities:

Current Payables

6,138

(35,887)

Current Provisions

245

(24,826)

Other Current liabilities

(278)

(1,833)

Deferred Income Operating Lease

(1,218)

17,306

Non-current Provisions

(23)

(5,665)

Non-current deferred operating lease revenue

(16,088)

266,388

Change in GST receivables/payables

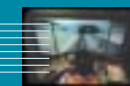
(62)

0

Net cash provided by/(used in) operating activities

(10,072)

202,688



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 32 Commitments for expenditure

(a) Capital expenditure contractually committed as at June 30:

- Within one year	88,422	22,992
- Later than 1 year and not later than 5 years	203,136	27,000
- Later than 5 years	0	0

TOTAL **291,558** **49,992**

The capital commitments include amounts for:

Land and buildings	33,159	992
Permanent way	10,186	0
Railcars – Urban Passenger	212,769	0
Railcars – Country Passenger	35,444	49,000
Plant, equipment and vehicles	0	0

TOTAL **291,558** **49,992**

(b) Financial leases - amounts due:

- Within one year	9,342	10,020
- Later than one year and not later than five years	28,538	35,919
- Later than five years	0	3,035

Minimum lease payments 37,880 48,974

Deduct - future finance charges (376) (2,115)

TOTAL FINANCIAL LEASE COMMITMENTS **37,504** **46,859**

(c) Operating leases - amounts due:

- Within one year	0	5,537
- Later than one year and not later than five years	485	457

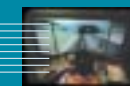
TOTAL OPERATING LEASE COMMITMENTS **485** **5,994**

(d) Other expenditure commitments:

- Within one year	0	0
- Later than one year and not later than five years	14,369	0
- Later than five years	147,606	0

TOTAL OTHER EXPENDITURE COMMITMENTS **161,975** **0**

WAGR has entered into a contract for the acquisition of new electric railcars that includes a commitment of \$162 million for maintenance services over 15 years.



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 33 Contingent liabilities and claims not recognised in the financial statements

- (a) One incident may result in a claim against WAGR that is the subject of further investigation and at balance date cannot be reliably quantified.
- (b) There is a potential claim related to a disputed contract. The contract was transferred as part of the sale of the Freight Business on 17 December 2000, but the dispute dates back to the period when WAGR was the contractor. WAGR has not yet received a direct claim under the contract. At this stage, the extent of WAGR's potential liability cannot be reliably quantified.
- (c) WAGR has provided an income tax indemnity to Deutsche Bank concerning the early termination of a rollingstock lease that cannot be reliably quantified.
- (d) WAGR has provided an income tax indemnity to LUL Nominees concerning the early termination of a rollingstock lease that cannot be reliably quantified.

2002	2001
\$000	\$000

Note 34 Gifts of public property

Gifts during the year	0	0
-----------------------	---	---

Note 35 Remuneration of Members of the Accountable Authority and Senior Officers

(a) Remuneration of Members of the Accountable Authority:

The number of members of the Accountable Authority whose total fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

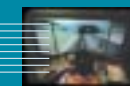
\$90,001-\$100,000	0	2
\$160,001-\$170,000	1	0

2002	2001
\$000	\$000

The total remuneration of the member of the Accountable Authority is	169	183
--	-----	-----

The superannuation included here represents the superannuation expense incurred by the Authority in respect of the members of the Accountable Authority.

No members of the Accountable Authority are Members of the Pension Scheme.



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 35 Remuneration of Members of the Accountable Authority and Senior Officers cont.

(b) Remuneration of Senior Officers:

The number of Senior Officers other than the Accountable Authority, whose total of fees, salaries, superannuation and other benefits for the financial year, fall within the following bands are:

Senior executives only

\$30,001-\$40,000	0	1
\$50,001-\$60,000	0	1
\$80,001-\$90,000	1	0
\$90,001-\$100,000	0	1
\$100,001-\$110,000	2	1
\$110,001-\$120,000	3	2
\$120,001-\$130,000	1	0
\$130,001-\$140,000	0	1
	7	7

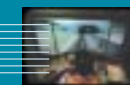
2002	2001
\$000	\$000

The total remuneration of Senior Officers is

773	649
-----	-----

The superannuation included here represents the superannuation expense incurred by the Authority in respect of senior officers, other than the senior officer reported as a member of the Accountable Authority.

One senior officer is a member of the Pension Scheme.



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 36 Revenue and Cost of Services Explanatory Statement

(a) Actual results for 2001/2002 compared to the budget estimate:

	Estimate \$000	Actual \$000	Variance \$000
Revenue from ordinary activities	200,884	190,016	(10,868)
Cost of Services	205,142	186,780	18,362
Net Cost of (Surplus from) Services	4,258	(3,236)	7,494

Revenue

The overall revenue was below the estimate by \$10.9 million.

Community Service Obligations were below the estimate by \$8.1 million. The main variations arose because the expenditure that is recovered by Community Service Obligations was lower than estimated. The main area lower than estimated was debt servicing costs due to lower than forecast interest rates.

Revenue from Urban Passenger is a reimbursement under contract for costs incurred. Revenue was below the estimate by \$1.9 million as a result of expenditure being under budget, particularly for debt servicing costs as a result of lower than forecast interest rates.

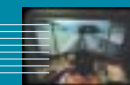
Cost of Services

Cost of Services for the year was \$18.4 million below the estimate.

Borrowing costs were \$9.0 million below the estimate due to lower than forecast interest rates.

Depreciation was \$2.7 million below the estimate due to capital projects not being completed according to the plan, and therefore depreciation not commencing on the estimated date.

Other operating costs were overestimated by \$6.7 million. This included provisions made for claims associated with the freight sale that have not yet reached a stage at which a reliable measure can be made to establish a provision. There were also overestimates made for contaminated site investigation and remediation, and maintenance activities on the urban rail network that were not complete, including work at Stirling Station.



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 36 Revenue and Cost of Services Explanatory Statement cont.

(b) Actual results for 2001/2002 compared to the preceding year:

	2002 \$000	2001 \$000	Variance \$000
Revenue from ordinary activities	190,016	312,027	(122,011)
Cost of Services	186,780	352,413	165,633
Net Cost of (Surplus from) Services	(3,236)	40,386	43,622

Revenue

The overall revenue was \$122 million less than the previous year.

Freight revenue of \$126.1 million earned prior to the sale of the Freight Business in December 2000 accounted for most of this variation from the previous year.

Operating lease revenue increased by \$8.9 million because a full year's income from the Freight Network lease, that commenced when the Freight Business was sold in December 2000, was accounted for in 2002. This compared to the period from 17 December 2000 to 30 June 2001 in the previous year.

Community Service Obligations increased by \$6 million. The major cause was the incurrence of a full year's debt servicing cost on residual freight debt compared to only half a year in 2001.

Other revenue was \$7.5 million lower largely because external sales, some rental income and contribution of assets were associated with the Freight Business that was sold in December 2000.

Expenditure

The overall expenditure was \$166 million below the previous year.

Employee expenses were \$31.3 million lower because there were fewer employees following the sale of the Freight Business.

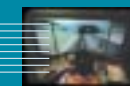
Supplies and Services were \$37 million less because of the reduction in purchases following the sale of the Freight Business.

Depreciation was \$11 million less because of the sale of locomotives and wagons as part of the sale of the Freight Business.

Energy and Fuel was \$11 million less because of the reduced diesel that was previously consumed by the freight locomotives.

Borrowing costs were down \$66 million. There was a \$43.8 million refinancing cost in the previous year, and the level of debt was also lower in the current year because the net proceeds of the sale of the Freight Business were applied to repayment of debt.

Land rationalisation costs were \$12 million lower. This expense varies in accordance with the timing of particular projects.



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 37 Losses through thefts, defaults and other causes

(a) Losses written off:

Thefts of cash, equipment and stores

(b) Stocks - Discrepancies
- Obsolescence, damage, surplus

(c) Revenue written off

TOTAL

2002
\$000

2001
\$000

7

0

64

0

37

0

5

41

113

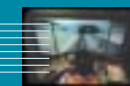
41

Note 38 Financial Instruments

(a) Interest Rate Risk Exposures

WAGR's exposure to interest rate risk and the effective weighted average interest rate for each class of financial asset and financial liability is set out below.

2002	Notes	Weighted average effective interest rate	Floating interest rate (i) \$000	Fixed interest rate maturing in:			Non- interest bearing \$000	Total \$000
				1 year or less \$000	over 1 to 5 years \$000	more than 5 years \$000		
Financial Assets								
Cash Assets		4.64%	42,573	-	-	-	-	42,573
Restricted Cash Assets	18	4.64%	974	-	-	-	-	974
Receivables	20	-	-	-	-	-	3,353	3,353
TOTAL			43,547	-	-	-	3,353	46,900
Financial Liabilities								
Payables		-	-	-	-	-	39,089	39,089
Other liabilities	26	-	-	-	-	-	676	676
Interest Bearing Liabilities								
W.A.T.C. Loans (ii)	24	5.59%	-	267,023	198,009	247,511	-	712,543
Commonwealth Loans	24	5.63%	-	-	-	5,777	-	5,777
Lease Liabilities	24	6.38%	37,105	399	-	-	-	37,504
TOTAL			37,105	267,422	198,009	253,288	39,765	795,589



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

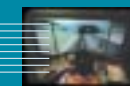
Note 38 Financial Instruments cont.

(a) Interest Rate Risk Exposures cont.

		Weighted average effective interest rate	Floating interest rate (i) \$000	Fixed interest rate maturing in:			Non- interest bearing \$000	Total \$000
	Notes			1 year or less \$000	over 1 to 5 years \$000	more than 5 years \$000		
2001								
Financial Assets								
Cash Assets		6.06%	28,753	-	-	-	-	28,753
Restricted Cash Assets	18	6.06%	1,076	-	-	-	-	1,076
Receivables	20	-	-	-	-	-	5,165	5,165
TOTAL			29,829	-	-	-	5,165	34,994
Financial Liabilities								
Payables		-	-	-	-	-	31,966	31,966
Other liabilities	26	-	-	-	-	-	792	792
Interest Bearing Liabilities								
W.A.T.C. Loans (ii)	24	5.63%	-	278,063	189,551	225,356	-	692,970
Commonwealth Loans	24	5.63%	-	-	-	6,154	-	6,154
Lease Liabilities	24	6.81%	45,728	-	1,131	-	-	46,859
TOTAL			45,728	278,063	190,682	231,510	32,758	778,741

(i) Floating interest rates represent the most recently determined rate applicable to the instrument at balance date.

(ii) Western Australian Treasury Corporation Loans



NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

FINANCIAL STATEMENTS

Note 38 Financial Instruments cont.

(b) Credit Risk Exposures

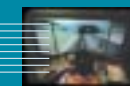
WAGR's credit risk on financial assets, which have been recognised on the Statement of Financial Position, is generally the carrying amount, net of any provision for doubtful debts.

Concentrations of credit risk on financial assets are primarily related to property rental agreements and other miscellaneous revenue.

Except for securities held to ensure the performance of contactor guarantees or warranties, amounts due from major debtors are not normally secured by collateral, however the creditworthiness of debtors is regularly monitored. Securities held to ensure the performance of contractor guarantees or warranties include Bank Guarantees, Personal (Directors) Guarantees or cash. The value of securities held is dependent on the nature, including the complexity and risk, of the contract.

(c) Net Fair Values

The carrying amount of financial assets and financial liabilities recorded in the financial statements are not materially different from their net fair values, determined in accordance with the accounting policies disclosed in Note 1 to the financial statements.



FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 2002

Note 39 Segment reporting

Information about Business Segments

2002

	Urban Passenger Transport Services	Country Passenger Transport Services	Operating Lease Freight Network Infrastructure	Other	Total
	\$000	\$000	\$000	\$000	\$000
External Revenues	110,583	7,034	17,654	12,977	148,248
Community Service Obligations	0	17,715	0	24,053	41,768
Net Cost of (Surplus from) Services	0	0	(6,127)	2,891	(3,236)
Appropriation from Government	0	0	0	3,088	3,088
Assets	624,597	43,511	531,132	29,503	1,228,743
Liabilities	441,757	46,155	266,386	317,543	1,071,841
Assets acquired	14,376	1,034	0	4,681	20,091
Depreciation	21,273	1,720	11,179	2,394	36,566

2001

	Urban Passenger Transport Services	Country Passenger Transport Services	Operating Lease Freight Network Infrastructure	Other	Total
	\$000	\$000	\$000	\$000	\$000
External Revenues	110,234	6,853	8,779	150,418	276,284
Community Service Obligations	0	20,186	0	15,557	35,743
Net Cost of (Surplus from) Services	0	0	(2,776)	43,162	40,386
Appropriation from Government	0	0	0	3,829	3,829
Assets	521,629	23,488	541,807	27,804	1,114,728
Liabilities	417,932	29,627	283,692	371,477	1,102,728
Assets acquired	12,000	4,000	0	152,497	168,497
Depreciation	32,893	1,655	6,003	6,744	47,295

WAGR carried on the whole of its business within the State of Western Australia.

The segment information has been disclosed by outputs.

The two key outputs of WAGR are:

Urban Passenger: This output is to provide an urban rail passenger service.

Country Passenger: This output is to provide a country rail and road transport service.

Operating Lease Freight Network Infrastructure and Other segments relate to residual freight activities and transactions. WAGR sold the Freight Business in December 2000 and these activities and transactions are not considered to be key outputs of WAGR.

Note 40 Railway Corridor Minister

These financial statements include revenue from Railway Corridor leases of \$461,067 (2000/01, \$266,055) and expenditure related to the management and administration of the Railway Corridor on behalf of the Railway Corridor Minister of \$486,653 (2000/01, \$380,205).



> Certification of Financial Statements

The accompanying financial statements of The Western Australian Government Railways Commission have been prepared in compliance with the provisions of the Financial Administration and Audit Act 1985 from proper accounts and records to present fairly the financial transactions for the financial year ending June 30, 2002 and the financial position as at June 30, 2002.

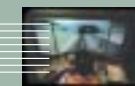
At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.

R Waldock *J W Leaf*

R Waldock
Accountable Authority

J W Leaf
Principal
Accounting Officer

August 30, 2002



> Opinion of the Auditor General - Financial Statements

To the Parliament of Western Australia

THE WESTERN AUSTRALIAN GOVERNMENT RAILWAYS COMMISSION FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2002

Matters Relating to the Electronic Presentation of the Audited Financial Statements

This audit opinion relates to the financial statements of The Western Australian Government Railways Commission for the year ended June 30, 2002 included on The Western Australian Government Railways Commission's web site. The Commission is responsible for the integrity of The Western Australian Government Railways Commission's web site. I have not been engaged to report on the integrity of this web site. The audit opinion refers only to the statements named below. It does not provide an opinion on any other information which may have been hyperlinked to or from these statements. If users of this opinion are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial statements to confirm the information included in the audited financial statements presented on this web site.

Scope

I have audited the accounts and financial statements of The Western Australian Government Railways Commission for the year ended June 30, 2002 under the provisions of the Financial Administration and Audit Act 1985.

The Commission is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing and presenting the financial statements, and complying with the Act and other relevant written law. The primary responsibility for the detection, investigation and prevention of irregularities rests with the Commission.

My audit was performed in accordance with section 79 of the Act to form an opinion based on a reasonable level of assurance. The audit procedures included examining, on a test basis, the controls exercised by the Commission to ensure financial regularity in accordance with legislative provisions, evidence to provide

reasonable assurance that the amounts and other disclosures in the financial statements are free of material misstatement and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial statements are presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions so as to present a view which is consistent with my understanding of the Commission's financial position, its financial performance and its cash flows.

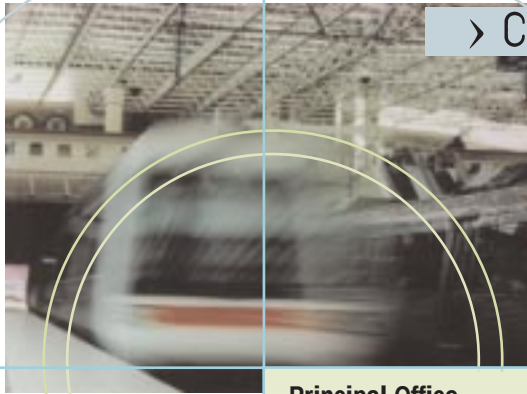
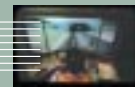
The audit opinion expressed below has been formed on the above basis.

Audit Opinion

In my opinion,

- (i) the controls exercised by The Western Australian Government Railways Commission provide reasonable assurance that the receipt, expenditure and investment of moneys and the acquisition and disposal of property and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the Statement of Financial Performance, Statement of Financial Position and Statement of Cash Flows and the Notes to the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Commission at June 30, 2002 and its financial performance and its cash flows for the year then ended.

DDR PEARSON
AUDITOR GENERAL
October 4, 2002



> Contact details

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Perth Business Centre
Perth WA 6849

Australian Business Number: 44 143 660 866

Telephone

General Administration Enquiries (08) 9326 2000
(Office Hours Only)

Urban Passenger Train Timetable Information 13 62 13

Country Passenger Services Reservations 13 10 53
(Prospector, Australind, AvonLink and Country Road Coach Services)

Publications available to the public

For copies of publications available to the general public including the Annual Report and WAGR's Freedom of Information Act Information Statement please contact:

Manager Communications and Corporate Relations

Ph: 08 9326 2764

Fax: 08 9326 2936

Internet address: www.wagr.wa.gov.au